

FILED MAR 01 1999

By 75 uempel

H.J.R. No. 4

A JOINT RESOLUTION

1 proposing a constitutional amendment to authorize the exemption of  
2 property owned by institutions of public charity, as defined by  
3 general law, from ad valorem taxation.

4 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 2(a), Article VIII, Texas Constitution,  
6 is amended to read as follows:

7 (a) All occupation taxes shall be equal and uniform upon the  
8 same class of subjects within the limits of the authority levying  
9 the tax; but the legislature may, by general laws, exempt from  
10 taxation public property used for public purposes; actual places  
11 of religious worship, also any property owned by a church or by a  
12 strictly religious society for the exclusive use as a dwelling  
13 place for the ministry of such church or religious society, and  
14 which yields no revenue whatever to such church or religious  
15 society; provided that such exemption shall not extend to more  
16 property than is reasonably necessary for a dwelling place and in  
17 no event more than one acre of land; places of burial not held for  
18 private or corporate profit; solar or wind-powered energy devices;  
19 all buildings used exclusively and owned by persons or associations  
20 of persons for school purposes and the necessary furniture of all  
21 schools and property used exclusively and reasonably necessary in  
22 conducting any association engaged in promoting the religious,  
23 educational and physical development of boys, girls, young men or  
24 young women operating under a State or National organization of

1 like character; also the endowment funds of such institutions of  
2 learning and religion not used with a view to profit; and when the  
3 same are invested in bonds or mortgages, or in land or other  
4 property which has been and shall hereafter be bought in by such  
5 institutions under foreclosure sales made to satisfy or protect  
6 such bonds or mortgages, that such exemption of such land and  
7 property shall continue only for two years after the purchase of  
8 the same at such sale by such institutions and no longer, and  
9 institutions of [~~purely~~] public charity as defined by general law;  
10 and all laws exempting property from taxation other than the  
11 property mentioned in this Section shall be null and void.

12 SECTION 2. Section 71(b), Article XVI, Texas Constitution,  
13 is amended to read as follows:

14 (b) The legislature by law may establish a Texas small  
15 business incubator fund to be used without further appropriation  
16 solely in furtherance of a program established by the legislature  
17 to foster and stimulate the development of small businesses in the  
18 state. The fund shall contain a project account, an interest and  
19 sinking account, and other accounts authorized by the legislature.  
20 A small business incubator operating under the program is exempt  
21 from ad valorem taxation in the same manner as an institution of  
22 [~~purely~~] public charity under Article VIII, Section 2, of this  
23 constitution. To carry out the program authorized by this  
24 subsection, the legislature may authorize loans and grants of money  
25 in the Texas small business incubator fund and the issuance of up  
26 to \$20 million of general obligation bonds to provide initial  
27 funding of the Texas small business incubator fund. The Texas

1 small business incubator fund is composed of the proceeds of the  
2 bonds authorized by this subsection, loan repayments, and other  
3 amounts received by the state for loans or grants made under this  
4 subsection and any other amounts required to be deposited in the  
5 Texas small business incubator fund by the legislature.

6 SECTION 3. Article VIII, Texas Constitution, is amended by  
7 adding the following temporary provision:

8 TEMPORARY PROVISION. The constitutional amendment proposed  
9 by the 76th Legislature, Regular Session, 1999, to authorize the  
10 exemption of property of institutions of public charity as defined  
11 by the general law from ad valorem taxation takes effect January 1,  
12 2000, and applies only to taxes imposed on or after that date.  
13 This temporary provision expires January 1, 2002.

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16 The ballot shall be printed to permit voting for or against the  
17 proposition: "The constitutional amendment to authorize the  
18 legislature to exempt property owned by institutions of public  
19 charity, as defined by the legislature, from ad valorem taxation."

# HOUSE COMMITTEE REPORT

1<sup>st</sup> Printing

By Kuempel

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17 proposition: "The constitutional amendment to authorize the  
18 legislature to exempt property owned by institutions of public  
19 charity, as defined by the legislature, from ad valorem taxation."

COMMITTEE REPORT

The Honorable James E. "Pete" Laney  
Speaker of the House of Representatives

4/7/99  
(date)

Sir:

We, your COMMITTEE ON WAYS AND MEANS  
to whom was referred House Joint Resolution 4 have had the same under consideration and beg to report  
back with the recommendation that it

- ☒ do pass, without amendment.
- ☐ do pass, with amendment(s).
- ☐ do pass and be not printed; a Complete Committee Substitute is recommended in lieu of the original measure.
- ☒ yes ☐ no A fiscal note was requested.
- ☐ yes ☒ no A criminal justice policy impact statement was requested.
- ☐ yes ☒ no An equalized educational funding impact statement was requested.
- ☐ yes ☒ no An actuarial analysis was requested.
- ☐ yes ☒ no A water development policy impact statement was requested.
- ☒ yes ☐ no A tax equity note was requested.
- ☐ The Committee recommends that this measure be sent to the Committee on Local and Consent Calendars.

For Senate Measures: House Sponsor \_\_\_\_\_

Joint Sponsors: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

Co-Sponsors: \_\_\_\_\_

The measure was reported from Committee by the following vote:

|                    | AYE | NAY | PNV | ABSENT |
|--------------------|-----|-----|-----|--------|
| Oliveira, Chair    | X   |     |     |        |
| McCall, Vice-chair | X   |     |     |        |
| Bonnen             | X   |     |     |        |
| Craddick           | X   |     |     |        |
| Davis, Y.          |     |     |     | X      |
| Heflin             | X   |     |     |        |
| Hilbert            | X   |     |     |        |
| Keffer             | X   |     |     |        |
| King, T.           | X   |     |     |        |
| Ramsay             | X   |     |     |        |
| Sadler             | X   |     |     |        |
|                    |     |     |     |        |
|                    |     |     |     |        |
|                    |     |     |     |        |
|                    |     |     |     |        |

Total      10      aye  
                 0      nay  
                 0      present, not voting  
                 1      absent

Pete O. Oliveira  
CHAIR

## **BILL ANALYSIS**

Office of House Bill Analysis

H.J.R. 4  
By: Kuempel  
Public Education  
3/18/1999  
Introduced

### **BACKGROUND AND PURPOSE**

Section 2(a), Article VIII, Texas Constitution, currently provides an exemption from ad valorem taxation for property of institutions of purely public charity. The constitution provides that an organization designed to support the elderly is a charitable organization. Many senior citizen centers provide a variety of services to senior citizens. Some counties have interpreted the constitution to mean that the charitable organization must be designed exclusively to provide support to the elderly to qualify for an exemption. Defining a charitable organization in the general law instead of the constitution would ensure uniform taxation of such entities throughout the state. H.B. 1978, also proposed this session, amends Section 11.18, Tax Code, to include senior citizens centers that provide many kinds of services to the elderly in the definition of a charitable organization.

As proposed, H.J.R. 4 requires the submission to the voters of a constitutional amendment exempting the property of institutions of public charity as defined by general law from ad valorem taxation.

### **RULEMAKING AUTHORITY**

It is the opinion of the Office of House Bill Analysis that this bill does not expressly delegate any additional rulemaking authority to a state officer, department, agency, or institution.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 2(a), Article VIII, Texas Constitution, to exempt the property of institutions of public charity as defined by general law, rather than institutions of purely public charity, from ad valorem taxation.

SECTION 2. Amends Section 71(b), Article XVI, Texas Constitution, to make a conforming change.

SECTION 3. Amends Article VIII, Texas Constitution, to add a temporary provision, which expires January 1, 2002, that the constitutional amendment proposed takes effect January 1, 2000, and is applicable only to taxes imposed on or after that date.

SECTION 4. Requires this proposed constitutional amendment to be submitted to the voters at an election to be held November 2, 1999. Sets forth the required language for the ballot.



SUMMARY OF COMMITTEE ACTION

HJR 4

March 24, 1999 2:00PM  
Considered in public hearing  
Testimony taken in committee  
Left pending in committee

April 7, 1999 2:00PM  
Considered in public hearing  
Reported favorably without amendment(s)

WITNESS LIST

HJR 4  
HOUSE COMMITTEE REPORT  
Ways & Means Committee

March 24, 1999 - 2:00PM

property tax

For: Van Booven, Le Roy (Seguin/Guadalupe County Senior  
Citizen's Center)

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 76th Regular Session**

March 21, 1999

**TO:** Honorable Rene Oliveira, Chair, House Committee on Ways & Means

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE:** HJR4 by Kuempel (proposing a constitutional amendment to authorize the exemption of property owned by institutions of public charity, as defined by general law, from ad valorem taxation), **As Introduced**

**No significant fiscal implication to the State is anticipated, other than the cost of publication.** The cost to the state for publication of the resolution is \$76,352.

If enabling legislation for this proposed amendment were enacted, there could be a fiscal impact on the state and local governments. The term "purely public charity" limits qualification for property tax exemptions to a narrowly defined group of organizations, as defined by the Legislature and the courts. Expanding the universe of organizations could result in decreases in taxable value to local governments and increases in state costs for funding public education.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts  
**LBB Staff:** JK, BB, BR

LEGISLATIVE BUDGET BOARD

Tax/Fee Equity Note

March 22, 1999

TO: Honorable Rene Oliveira, Chair  
Committee on Ways & Means  
House  
Austin, Texas

IN RE: House Joint Resolution  
No. 4  
By: Kuempel

FROM: John Keel, Director

In response to your request for an Tax/Fee Equity Note on HJR4 (proposing a constitutional amendment to authorize the exemption of property owned by institutions of public charity, as defined by general law, from ad valorem taxation) this office has determined the following:

Because the bill would not create or impact a state tax or fee, no comment from this office is required by the rules of the House as to the general effects of the proposal on the distribution of tax and fee burdens among individuals and businesses.

# HOUSE ENGROSSMENT

By Kuempel

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Because the bill would not create or impact a state tax or fee, no comment from this office is required by the rules of the House as to the general effects of the proposal on the distribution of tax and fee burdens among individuals and businesses.

27

1-1 By: Kuempel (Senate Sponsor - Wentworth) H.J.R. No. 4  
1-2 (In the Senate - Received from the House May 11, 1999;  
1-3 May 12, 1999, read first time and referred to Committee on Finance;  
1-4 May 14, 1999, reported favorably by the following vote: Yeas 9,  
1-5 Nays 0; May 14, 1999, sent to printer.)

1-6 HOUSE JOINT RESOLUTION

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 2-11 legislature to exempt property owned by institutions of public  
 2-12 charity, as defined by the legislature, from ad valorem taxation."

\* \* \* \* \*

FAVORABLE  
SENATE COMMITTEE REPORT ON

SB SCR SJR SR HB HCR HJR 4  
By Kuempel/Robertworth  
(Author/Senate Sponsor)  
5-14-99  
(date)

Sir:

We, your Committee on FINANCE, to which was referred the attached measure,  
have on May 14, 1999, had the same under consideration and I am instructed to report it  
(date of hearing)  
back with the recommendation (s) that it:

- ☒ do pass and be printed  
☐ do pass and be ordered not printed  
☐ and is recommended for placement on the Local and Uncontested Bills Calendar.

A fiscal note was requested. ☒ yes ☐ no

A revised fiscal note was requested. ☐ yes ☒ no

An actuarial analysis was requested. ☐ yes ☒ no

Considered by subcommittee. ☐ yes ☒ no

The measure was reported from Committee by the following vote:

|                           | YEA                                 | NAY | ABSENT                              | PNV |
|---------------------------|-------------------------------------|-----|-------------------------------------|-----|
| Senator Ratliff, Chair    | <input checked="" type="checkbox"/> |     |                                     |     |
| Senator Truan, Vice-Chair | <input checked="" type="checkbox"/> |     |                                     |     |
| Senator Barrientos        |                                     |     | <input checked="" type="checkbox"/> |     |
| Senator Carona            | <input checked="" type="checkbox"/> |     |                                     |     |
| Senator Duncan            | <input checked="" type="checkbox"/> |     |                                     |     |
| Senator Fraser            | <input checked="" type="checkbox"/> |     |                                     |     |
| Senator Gallegos          | <input checked="" type="checkbox"/> |     |                                     |     |
| Senator Lindsay           | <input checked="" type="checkbox"/> |     |                                     |     |
| Senator Moncrief          | <input checked="" type="checkbox"/> |     |                                     |     |
| Senator Ogden             | <input checked="" type="checkbox"/> |     |                                     |     |
| Senator West              |                                     |     | <input checked="" type="checkbox"/> |     |
| TOTAL VOTES               | 9                                   | 0   | 2                                   | 0   |

COMMITTEE ACTION

S260 Considered in public hearing

S270 Testimony taken

Patricia Hicks  
COMMITTEE CLERK

Brian Ratliff  
CHAIR

WITNESS LIST

HJR 4  
SENATE COMMITTEE REPORT  
Finance Committee

May 14, 1999 - 1:00P  
THIS LIST HAS NO WITNESSES.

## **BILL ANALYSIS**

Senate Research Center  
76R1702 JD-D

H.J.R. 4  
By: Kuempel (Wentworth)  
Finance  
5/13/1999  
Engrossed

### **DIGEST**

Currently, Section 2(a), Article VIII, Texas Constitution, provides an exemption from ad valorem taxation for property of institutions of purely public charity. The constitution provides that an organization designed to support the elderly is a charitable organization. Many senior citizen centers provide a variety of services to senior citizens. Some counties have interpreted the constitution to mean that the charitable organization must be designed exclusively to provide support to the elderly to qualify for an exemption. Defining a charitable organization in the general law instead of the constitution would ensure uniform taxation of such entities throughout the state. H.J.R. 4 would include senior citizens centers that provide many kinds of services to the elderly in the definition of a charitable organization.

### **PURPOSE**

As proposed, H.J.R. 4 requires the submission to the voters of a constitutional amendment exempting the property of institutions of public charity as defined by general law from ad valorem taxation.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 2(a), Article VIII, Texas Constitution, to exempt the property of institutions of public charity as defined by general law, rather than institutions of purely public charity, from ad valorem taxation.

SECTION 2. Amends Section 71(b), Article XVI, Texas Constitution, to make a conforming change.

SECTION 3. Amends Article VIII, Texas Constitution, to add a temporary provision, to provide that the constitutional amendment proposed takes effect January 1, 2000, and is applicable only to taxes imposed on or after that date. Provides that this temporary provision expires January 1, 2002.

SECTION 4. Requires this proposed constitutional amendment to be submitted to the voters at an election to be held November 2, 1999. Sets forth the required language for the ballot.

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 76th Regular Session**

**May 12, 1999**

**TO:** Honorable Bill Ratliff, Chair, Senate Committee on Finance

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE:** HJR4 by Kuempel (proposing a constitutional amendment to authorize the exemption of property owned by institutions of public charity, as defined by general law, from ad valorem taxation), **As Engrossed**

**No significant fiscal implication to the State is anticipated, other than the cost of publication.** The cost to the state for publication of the resolution is \$76,352.

If enabling legislation for this proposed amendment were enacted, there could be a fiscal impact on the state and local governments. The term "purely public charity" limits qualification for property tax exemptions to a narrowly defined group of organizations, as defined by the Legislature and the courts. Expanding the universe of organizations could result in decreases in taxable value to local governments and increases in state costs for funding public education.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JK, BB, BR

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 76th Regular Session**

March 21, 1999

**TO:** Honorable Rene Oliveira, Chair, House Committee on Ways & Means

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE:** HJR4 by Kuempel (proposing a constitutional amendment to authorize the exemption of property owned by institutions of public charity, as defined by general law, from ad valorem taxation), **As Introduced**

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**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JK, BB, BR



LEGISLATIVE BUDGET BOARD

Tax/Fee Equity Note

May 13, 1999

TO: Honorable Bill Ratliff, Chair  
Committee on Finance  
Senate  
Austin, Texas

IN RE: House Joint Resolution  
No. 4, As Engrossed  
By: Kuempel

FROM: John Keel, Director

In response to your request for a Tax/Fee Equity Note on HJR4 (proposing a constitutional amendment to authorize the exemption of property owned by institutions of public charity, as defined by general law, from ad valorem taxation) this office has determined the following:

Because the bill would not create or impact a state tax or fee, no comment from this office is required by the rules of the House as to the general effects of the proposal on the distribution of tax and fee burdens among individuals and businesses.

LEGISLATIVE BUDGET BOARD

Tax/Fee Equity Note

March 22, 1999

TO: Honorable Rene Oliveira, Chair  
Committee on Ways & Means  
House  
Austin, Texas

IN RE: House Joint Resolution  
No. 4  
By: Kuempel

FROM: John Keel, Director

In response to your request for an Tax/Fee Equity Note on HJR4 (proposing a constitutional amendment to authorize the exemption of property owned by institutions of public charity, as defined by general law, from ad valorem taxation) this office has determined the following:

Because the bill would not create or impact a state tax or fee, no comment from this office is required by the rules of the House as to the general effects of the proposal on the distribution of tax and fee burdens among individuals and businesses.

# SENATE AMENDMENTS

199 MAY 26 AM 7:57

2<sup>nd</sup> Printing

HOUSE OF REPRESENTATIVES

By Kuempel

H.J.R. No. 4

## A JOINT RESOLUTION

1 proposing a constitutional amendment to authorize the exemption of  
2 property owned by institutions of public charity, as defined by  
3 general law, from ad valorem taxation.

4 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 2(a), Article VIII, Texas Constitution,  
6 is amended to read as follows:

7 (a) All occupation taxes shall be equal and uniform upon the  
8 same class of subjects within the limits of the authority levying  
9 the tax; but the legislature may, by general laws, exempt from  
10 taxation public property used for public purposes; actual places  
11 of religious worship, also any property owned by a church or by a  
12 strictly religious society for the exclusive use as a dwelling  
13 place for the ministry of such church or religious society, and  
14 which yields no revenue whatever to such church or religious  
15 society; provided that such exemption shall not extend to more  
16 property than is reasonably necessary for a dwelling place and in  
17 no event more than one acre of land; places of burial not held for  
18 private or corporate profit; solar or wind-powered energy devices;  
19 all buildings used exclusively and owned by persons or associations  
20 of persons for school purposes and the necessary furniture of all  
21 schools and property used exclusively and reasonably necessary in  
22 conducting any association engaged in promoting the religious,  
23 educational and physical development of boys, girls, young men or  
24 young women operating under a State or National organization of

like character; also the endowment funds of such institutions of learning and religion not used with a view to profit; and when the same are invested in bonds or mortgages, or in land or other property which has been and shall hereafter be bought in by such institutions under foreclosure sales made to satisfy or protect such bonds or mortgages, that such exemption of such land and property shall continue only for two years after the purchase of the same at such sale by such institutions and no longer, and institutions of [~~purely~~] public charity as defined by general law; and all laws exempting property from taxation other than the property mentioned in this Section shall be null and void.

SECTION 2. Section 71(b), Article XVI, Texas Constitution, is amended to read as follows:

(b) The legislature by law may establish a Texas small business incubator fund to be used without further appropriation solely in furtherance of a program established by the legislature to foster and stimulate the development of small businesses in the state. The fund shall contain a project account, an interest and sinking account, and other accounts authorized by the legislature. A small business incubator operating under the program is exempt from ad valorem taxation in the same manner as an institution of [~~purely~~] public charity under Article VIII, Section 2, of this constitution. To carry out the program authorized by this subsection, the legislature may authorize loans and grants of money in the Texas small business incubator fund and the issuance of up to \$20 million of general obligation bonds to provide initial funding of the Texas small business incubator fund. The Texas

1 small business incubator fund is composed of the proceeds of the  
2 bonds authorized by this subsection, loan repayments, and other  
3 amounts received by the state for loans or grants made under this  
4 subsection and any other amounts required to be deposited in the  
5 Texas small business incubator fund by the legislature.

6 SECTION 3. Article VIII, Texas Constitution, is amended by  
7 adding the following temporary provision:

8 TEMPORARY PROVISION. The constitutional amendment proposed  
9 by the 76th Legislature, Regular Session, 1999, to authorize the  
10 exemption of property of institutions of public charity as defined  
11 by the general law from ad valorem taxation takes effect January 1,  
12 2000, and applies only to taxes imposed on or after that date.  
13 This temporary provision expires January 1, 2002.

14 SECTION 4. This proposed constitutional amendment shall be  
15 submitted to the voters at an election to be held November 2, 1999.  
16 The ballot shall be printed to permit voting for or against the  
17 proposition: "The constitutional amendment to authorize the  
18 legislature to exempt property owned by institutions of public  
19 charity, as defined by the legislature, from ad valorem taxation."

# ADOPTED

MAY 25 1999

*Atty. Gen.*  
Secretary of the Senate

FLOOR AMENDMENT NO. 1

BY Wentworth

1 Amend H.J.R. No. 4 as follows:

2 (1) In SECTION 1 of the joint resolution, amended Section  
3 2(a), Article VIII, Texas Constitution (on page 1, line 39, Senate  
4 Committee Printing), strike "~~institutions of [purely] public~~  
5 ~~charity as defined by general law~~", and substitute "institutions  
6 engaged primarily in public charitable functions, which may conduct  
7 auxiliary activities to support those charitable functions [~~of~~  
8 ~~purely-public-charity~~]".

9 (2) In SECTION 3 of the joint resolution, in the temporary  
10 provision proposed to be added to Article VIII, Texas Constitution  
11 (on page 2, lines 3 and 4, Senate Committee Printing), strike  
12 "institutions of public charity as defined by the general law" and  
13 substitute "institutions engaged primarily in public charitable  
14 functions".

15 (3) In SECTION 4 of the joint resolution, in the language to  
16 be printed in the ballot proposition (on page 2, lines 11 and 12,  
17 Senate Committee Printing), strike "institutions of public charity,  
18 as defined by the legislature", and substitute "institutions  
19 engaged primarily in public charitable functions".

**LEGISLATIVE BUDGET BOARD  
Austin, Texas**

**FISCAL NOTE, 76th Regular Session**

May 12, 1999

**TO:** Honorable Bill Ratliff, Chair, Senate Committee on Finance

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE:** HJR4 by Kuempel (proposing a constitutional amendment to authorize the exemption of property owned by institutions of public charity, as defined by general law, from ad valorem taxation), **As Engrossed**

**No significant fiscal implication to the State is anticipated, other than the cost of publication.** The cost to the state for publication of the resolution is \$76,352.

If enabling legislation for this proposed amendment were enacted, there could be a fiscal impact on the state and local governments. The term "purely public charity" limits qualification for property tax exemptions to a narrowly defined group of organizations, as defined by the Legislature and the courts. Expanding the universe of organizations could result in decreases in taxable value to local governments and increases in state costs for funding public education.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JK, BB, BR

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 76th Regular Session**

March 21, 1999

**TO:** Honorable Rene Oliveira, Chair, House Committee on Ways & Means

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE:** HJR4 by Kuempel (proposing a constitutional amendment to authorize the exemption of property owned by institutions of public charity, as defined by general law, from ad valorem taxation), **As Introduced**

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**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JK, BB, BR



LEGISLATIVE BUDGET BOARD

Tax/Fee Equity Note

May 13, 1999

TO: Honorable Bill Ratliff, Chair  
Committee on Finance  
Senate  
Austin, Texas

IN RE: House Joint Resolution  
No. 4, As Engrossed  
By: Kuempel

FROM: John Keel, Director

In response to your request for a Tax/Fee Equity Note on HJR4 (proposing a constitutional amendment to authorize the exemption of property owned by institutions of public charity, as defined by general law, from ad valorem taxation) this office has determined the following:

Because the bill would not create or impact a state tax or fee, no comment from this office is required by the rules of the House as to the general effects of the proposal on the distribution of tax and fee burdens among individuals and businesses.

LEGISLATIVE BUDGET BOARD

Tax/Fee Equity Note

March 22, 1999

TO: Honorable Rene Oliveira, Chair  
Committee on Ways & Means  
House  
Austin, Texas

IN RE: House Joint Resolution  
No. 4  
By: Kuempel

FROM: John Keel, Director

In response to your request for an Tax/Fee Equity Note on HJR4 (proposing a constitutional amendment to authorize the exemption of property owned by institutions of public charity, as defined by general law, from ad valorem taxation) this office has determined the following:

Because the bill would not create or impact a state tax or fee, no comment from this office is required by the rules of the House as to the general effects of the proposal on the distribution of tax and fee burdens among individuals and businesses.

# ADOPTED

MAY 25 1999

*Letty R. Jones*  
Secretary of the Senate

FLOOR AMENDMENT NO. 1

BY *Wentworth*

1 Amend H.J.R. No. 4 as follows:

2 (1) In SECTION 1 of the joint resolution, amended Section  
3 2(a), Article VIII, Texas Constitution (on page 1, line 39, Senate  
4 Committee Printing), strike "institutions of [~~purely~~] public  
5 charity as defined by general law", and substitute "institutions  
6 engaged primarily in public charitable functions, which may conduct  
7 auxiliary activities to support those charitable functions [~~of~~  
8 ~~purely-public-charity~~"]".

9 (2) In SECTION 3 of the joint resolution, in the temporary  
10 provision proposed to be added to Article VIII, Texas Constitution  
11 (on page 2, lines 3 and 4, Senate Committee Printing), strike  
12 "institutions of public charity as defined by the general law" and  
13 substitute "institutions engaged primarily in public charitable  
14 functions".

15 (3) In SECTION 4 of the joint resolution, in the language to  
16 be printed in the ballot proposition (on page 2, lines 11 and 12,  
17 Senate Committee Printing), strike "institutions of public charity,  
18 as defined by the legislature", and substitute "institutions  
19 engaged primarily in public charitable functions".

# SENATE AMENDMENTS

99 MAY 26 AM 7:57

2<sup>nd</sup> Printing

HOUSE OF REPRESENTATIVES

By Kuempel

H.J.R. No. 4

## A JOINT RESOLUTION

1 proposing a constitutional amendment to authorize the exemption of  
2 property owned by institutions of public charity, as defined by  
3 general law, from ad valorem taxation.

4 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 2(a), Article VIII, Texas Constitution,  
6 is amended to read as follows:

7 (a) All occupation taxes shall be equal and uniform upon the  
8 same class of subjects within the limits of the authority levying  
9 the tax; but the legislature may, by general laws, exempt from  
10 taxation public property used for public purposes; actual places  
11 of religious worship, also any property owned by a church or by a  
12 strictly religious society for the exclusive use as a dwelling  
13 place for the ministry of such church or religious society, and  
14 which yields no revenue whatever to such church or religious  
15 society; provided that such exemption shall not extend to more  
16 property than is reasonably necessary for a dwelling place and in  
17 no event more than one acre of land; places of burial not held for  
18 private or corporate profit; solar or wind-powered energy devices;  
19 all buildings used exclusively and owned by persons or associations  
20 of persons for school purposes and the necessary furniture of all  
21 schools and property used exclusively and reasonably necessary in  
22 conducting any association engaged in promoting the religious,  
23 educational and physical development of boys, girls, young men or  
24 young women operating under a State or National organization of

1 like character; also the endowment funds of such institutions of  
2 learning and religion not used with a view to profit; and when the  
3 same are invested in bonds or mortgages, or in land or other  
4 property which has been and shall hereafter be bought in by such  
5 institutions under foreclosure sales made to satisfy or protect  
6 such bonds or mortgages, that such exemption of such land and  
7 property shall continue only for two years after the purchase of  
8 the same at such sale by such institutions and no longer, and  
9 institutions of [~~purely~~] public charity as defined by general law;  
10 and all laws exempting property from taxation other than the  
11 property mentioned in this Section shall be null and void.

12 SECTION 2. Section 71(b), Article XVI, Texas Constitution,  
13 is amended to read as follows:

14 (b) The legislature by law may establish a Texas small  
15 business incubator fund to be used without further appropriation  
16 solely in furtherance of a program established by the legislature  
17 to foster and stimulate the development of small businesses in the  
18 state. The fund shall contain a project account, an interest and  
19 sinking account, and other accounts authorized by the legislature.  
20 A small business incubator operating under the program is exempt  
21 from ad valorem taxation in the same manner as an institution of  
22 [~~purely~~] public charity under Article VIII, Section 2, of this  
23 constitution. To carry out the program authorized by this  
24 subsection, the legislature may authorize loans and grants of money  
25 in the Texas small business incubator fund and the issuance of up  
26 to \$20 million of general obligation bonds to provide initial  
27 funding of the Texas small business incubator fund. The Texas

1 small business incubator fund is composed of the proceeds of the  
2 bonds authorized by this subsection, loan repayments, and other  
3 amounts received by the state for loans or grants made under this  
4 subsection and any other amounts required to be deposited in the  
5 Texas small business incubator fund by the legislature.

6 SECTION 3. Article VIII, Texas Constitution, is amended by  
7 adding the following temporary provision:

8 TEMPORARY PROVISION. The constitutional amendment proposed  
9 by the 76th Legislature, Regular Session, 1999, to authorize the  
10 exemption of property of institutions of public charity as defined  
11 by the general law from ad valorem taxation takes effect January 1,  
12 2000, and applies only to taxes imposed on or after that date.  
13 This temporary provision expires January 1, 2002.

14 SECTION 4. This proposed constitutional amendment shall be  
15 submitted to the voters at an election to be held November 2, 1999.  
16 The ballot shall be printed to permit voting for or against the  
17 proposition: "The constitutional amendment to authorize the  
18 legislature to exempt property owned by institutions of public  
19 charity, as defined by the legislature, from ad valorem taxation."

# ADOPTED

MAY 25 1999

*Atty. Gen.*  
Secretary of the Senate

FLOOR AMENDMENT NO. 1

BY Wentworth

1 Amend H.J.R. No. 4 as follows:

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3 2(a), Article VIII, Texas Constitution (on page 1, line 39, Senate  
4 Committee Printing), strike "~~institutions of [purely] public~~  
5 ~~charity as defined by general law~~", and substitute "institutions  
6 engaged primarily in public charitable functions, which may conduct  
7 auxiliary activities to support those charitable functions [~~of~~  
8 ~~purely-public-charity~~"]".

9 (2) In SECTION 3 of the joint resolution, in the temporary  
10 provision proposed to be added to Article VIII, Texas Constitution  
11 (on page 2, lines 3 and 4, Senate Committee Printing), strike  
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**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 76th Regular Session**

May 12, 1999

**TO:** Honorable Bill Ratliff, Chair, Senate Committee on Finance

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE:** HJR4 by Kuempel (proposing a constitutional amendment to authorize the exemption of property owned by institutions of public charity, as defined by general law, from ad valorem taxation), **As Engrossed**

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**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JK, BB, BR



**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 76th Regular Session**

March 21, 1999

**TO:** Honorable Rene Oliveira, Chair, House Committee on Ways & Means

**FROM:** John Keel, Director, Legislative Budget Board

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**Local Government Impact**

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**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JK, BB, BR

LEGISLATIVE BUDGET BOARD

Tax/Fee Equity Note

May 13, 1999

TO: Honorable Bill Ratliff, Chair  
Committee on Finance  
Senate  
Austin, Texas

IN RE: House Joint Resolution  
No. 4, As Engrossed  
By: Kuempel

FROM: John Keel, Director

In response to your request for a Tax/Fee Equity Note on HJR4 (proposing a constitutional amendment to authorize the exemption of property owned by institutions of public charity, as defined by general law, from ad valorem taxation) this office has determined the following:

Because the bill would not create or impact a state tax or fee, no comment from this office is required by the rules of the House as to the general effects of the proposal on the distribution of tax and fee burdens among individuals and businesses.

LEGISLATIVE BUDGET BOARD

Tax/Fee Equity Note

March 22, 1999

TO: Honorable Rene Oliveira, Chair  
Committee on Ways & Means  
House  
Austin, Texas

IN RE: House Joint Resolution  
No. 4  
By: Kuempel

FROM: John Keel, Director

In response to your request for an Tax/Fee Equity Note on HJR4 (proposing a constitutional amendment to authorize the exemption of property owned by institutions of public charity, as defined by general law, from ad valorem taxation) this office has determined the following:

Because the bill would not create or impact a state tax or fee, no comment from this office is required by the rules of the House as to the general effects of the proposal on the distribution of tax and fee burdens among individuals and businesses.

## ENROLLED

H.J.R. No. 4

### A JOINT RESOLUTION

1 proposing a constitutional amendment to authorize the exemption of  
2 property owned by institutions engaged primarily in public  
3 charitable functions from ad valorem taxation.

4 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 2(a), Article VIII, Texas Constitution,  
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7 (a) All occupation taxes shall be equal and uniform upon the  
8 same class of subjects within the limits of the authority levying  
9 the tax; but the legislature may, by general laws, exempt from  
10 taxation public property used for public purposes; actual places  
11 of religious worship, also any property owned by a church or by a  
12 strictly religious society for the exclusive use as a dwelling  
13 place for the ministry of such church or religious society, and  
14 which yields no revenue whatever to such church or religious  
15 society; provided that such exemption shall not extend to more  
16 property than is reasonably necessary for a dwelling place and in  
17 no event more than one acre of land; places of burial not held for  
18 private or corporate profit; solar or wind-powered energy devices;  
19 all buildings used exclusively and owned by persons or associations  
20 of persons for school purposes and the necessary furniture of all  
21 schools and property used exclusively and reasonably necessary in  
22 conducting any association engaged in promoting the religious,  
23 educational and physical development of boys, girls, young men or  
24 young women operating under a State or National organization of

1     like character; also the endowment funds of such institutions of  
2     learning and religion not used with a view to profit; and when the  
3     same are invested in bonds or mortgages, or in land or other  
4     property which has been and shall hereafter be bought in by such  
5     institutions under foreclosure sales made to satisfy or protect  
6     such bonds or mortgages, that such exemption of such land and  
7     property shall continue only for two years after the purchase of  
8     the same at such sale by such institutions and no longer, and  
9     institutions engaged primarily in public charitable functions,  
10    which may conduct auxiliary activities to support those charitable  
11    functions [~~of--purely--public--charity~~]; and all laws exempting  
12    property from taxation other than the property mentioned in this  
13    Section shall be null and void.

14           SECTION 2. Section 71(b), Article XVI, Texas Constitution,  
15    is amended to read as follows:

16           (b) The legislature by law may establish a Texas small  
17    business incubator fund to be used without further appropriation  
18    solely in furtherance of a program established by the legislature  
19    to foster and stimulate the development of small businesses in the  
20    state. The fund shall contain a project account, an interest and  
21    sinking account, and other accounts authorized by the legislature.  
22    A small business incubator operating under the program is exempt  
23    from ad valorem taxation in the same manner as an institution of  
24    [~~purely~~] public charity under Article VIII, Section 2, of this  
25    constitution. To carry out the program authorized by this  
26    subsection, the legislature may authorize loans and grants of money  
27    in the Texas small business incubator fund and the issuance of up

1 to \$20 million of general obligation bonds to provide initial  
2 funding of the Texas small business incubator fund. The Texas  
3 small business incubator fund is composed of the proceeds of the  
4 bonds authorized by this subsection, loan repayments, and other  
5 amounts received by the state for loans or grants made under this  
6 subsection and any other amounts required to be deposited in the  
7 Texas small business incubator fund by the legislature.

8 SECTION 3. Article VIII, Texas Constitution, is amended by  
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10 TEMPORARY PROVISION. The constitutional amendment proposed  
11 by the 76th Legislature, Regular Session, 1999, to authorize the  
12 exemption of property of institutions engaged primarily in public  
13 charitable functions from ad valorem taxation takes effect January  
14 1, 2000, and applies only to taxes imposed on or after that date.  
15 This temporary provision expires January 1, 2002.

16 SECTION 4. This proposed constitutional amendment shall be  
17 submitted to the voters at an election to be held November 2, 1999.  
18 The ballot shall be printed to permit voting for or against the  
19 proposition: "The constitutional amendment to authorize the  
20 legislature to exempt property owned by institutions engaged  
21 primarily in public charitable functions from ad valorem taxation."

H.J.R. No. 4

---

President of the Senate

---

Speaker of the House

I certify that H.J.R. No. 4 was passed by the House on May 11, 1999, by the following vote: Yeas 144, Nays 0, 1 present, not voting; and that the House concurred in Senate amendments to H.J.R. No. 4 on May 27, 1999, by the following vote: Yeas 141, Nays 0, 3 present, not voting.

---

Chief Clerk of the House

I certify that H.J.R. No. 4 was passed by the Senate, with amendments, on May 25, 1999, by the following vote: Yeas 30, Nays 0.

---

Secretary of the Senate

RECEIVED: \_\_\_\_\_

Date

---

Secretary of State

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I certify that H.J.R. No. 4  
(1) was passed by the House  
on MAY 11  
(2), 1999, by the following vote:  
Yeas 144, Nays 0, 1 PRESENT, NOT VOTING  
(3) (4);  
and that the House concurred in Senate amendments to H.J.R. No. 4  
on MAY 27  
(5), 1999, by the following  
vote: Yeas 141, Nays 0, 3 PRESENT, NOT VOTING.  
(6) (7)

\_\_\_\_\_  
Chief Clerk of the House

\*\*\*\* Preparation: CT19;

I certify that H.J.R. No. 4  
(1) was passed by the Senate, with  
amendments, on MAY 25  
(2), 1999, by the following  
vote: Yeas 30, Nays 0  
(3) (4).

\_\_\_\_\_  
Secretary of the Senate

RECEIVED:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Secretary of State

\*\*\*\* Preparation: CT20;



H.J.R. No. 4

By 75 Campbell

Proposing a constitutional amendment to authorize the exemption of property owned by institutions of public charity, as defined by general law, from ad valorem taxation.

**MAR 01 1999**

Filed with the Chief Clerk

**MAR - 3 1999**

Read first time and referred to Committee on Ways and Means

**APR 07 1999**

Reported \_\_\_ favorably (~~as amended~~)  
(~~as substituted~~)

**APR 14 1999**

Sent to Committee on Calendars

**MAY 11 1999**

Read second time (~~committee subst.~~) (~~amended~~) and adopted (~~passed to third reading~~) by a record vote of 144 yeas, 0 nays, 1 present, not voting

Read third time (amended) and finally adopted (failed of adoption) by a record vote of \_\_\_ yeas, \_\_\_ nays, \_\_\_ present, not voting

**MAY 11 1999**

Engrossed

**MAY 11 1999**

Sent to Senate

Sharon Carter

CHIEF CLERK OF THE HOUSE

OTHER HOUSE ACTION:

**MAY 11 1999**

Received from the House

**MAY 12 1999**

Read and referred to Committee on FINANCE

**MAY 14 1999**

Reported favorably

Reported adversely, with favorable Committee Substitute; Committee Substitute read first time

Ordered not printed

Laid before the Senate

**MAY 25 1999**

Senate and Constitutional Rules to permit consideration suspended by (unanimous consent)  
(\_\_\_ yeas, \_\_\_ nays)

**MAY 25 1999**

Read second time, amended, and passed to third reading by (unanimous consent)  
(a viva voce vote)  
(\_\_\_ yeas, \_\_\_ nays)

**MAY 25 1999**

Senate and Constitutional 3 Day Rules suspended by a vote of 30 yeas, 0 nays

**MAY 25 1999**

Read third time, \_\_\_\_\_, and passed by 30 yeas, 0 nays

May 25, 1999

Returned to the House

Henry King

SECRETARY OF THE SENATE

OTHER SENATE ACTION:

MAY 25 1999

Returned from the Senate ~~(as substituted)~~  
(with amendments)

MAY 27 1999

House concurred in Senate amendments by a ~~(non-record vote)~~  
(record vote of 141 yeas, 0 nays, 3 present, not voting)

House refused to concur in Senate amendments and requested the appointment of a conference committee  
by a (non-record vote) (record vote of \_\_\_\_\_ yeas, \_\_\_\_\_ nays, \_\_\_\_\_ present, not voting)

House conferees appointed: \_\_\_\_\_, Chair; \_\_\_\_\_,

Senate granted House request. Senate conferees appointed: \_\_\_\_\_, Chair;

Conference committee report adopted (rejected) by the House by a record vote of  
\_\_\_\_\_ yeas, \_\_\_\_\_ nays, \_\_\_\_\_ present, not voting

Conference committee report adopted (rejected) by the Senate by a record vote of  
\_\_\_\_\_ yeas, \_\_\_\_\_ nays

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HOUSE OF REPRESENTATIVES